

## Message Text

LIMITED OFFICIAL USE

PAGE 01 CAIRO 09412 121812Z

62

ACTION NEA-10

INFO OCT-01 EUR-12 EA-07 ISO-00 FEA-01 EB-07 AID-05

CIAE-00 COME-00 FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00

XMB-02 OPIC-03 SP-02 CIEP-01 LAB-04 SIL-01 OMB-01

DODE-00 PM-04 H-02 L-03 NSC-05 PA-01 PRS-01 SS-15

/104 W

----- 110946

R 121315Z JUL 76

FM AMEMBASSY CAIRO

TO SECSTATE WASHDC 5164

INFO AMEMBASSY ABU DHABI

AMEMBASSY BONN

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LONDON

AMEMBASSY MANAMA

AMEMBASSY PARIS

AMEMBASSY TEHRAN

AMEMBASSY TOKYO

LIMITED OFFICIAL USE CAIRO 9412

EO 11652: NA

TAGS: EGEN EFIN EG

SUBJECT: PRESIDENT MEETS WITH SENIOR EGYPTIAN BANKERS,  
ISSUES RESTRICTIVE BANKING MEASURE

1. PRESIDENT SADAT HELD THREE-HOUR SESSION IN ALEXANDRIA  
ON ECONOMY JULY 10 WITH CABINET MEMBERS AND SENIOR EGYPTIAN  
BANKING OFFICIALS. IN ATTENDANCE WERE VP MOBAREK, PM SALEM,  
DEP PM AND MINWAR/WAR PRODUCTION GAMASSY, MINFINANCE  
ABU ISMAIL AND MINECON SHAFEI, PLUS CENTRAL BANK GOVERNOR  
AND HEADS OF NATIONAL BANK AND OTHER EGYPTIAN COMMERCIAL BANKS.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 CAIRO 09412 121812Z

2. ACCORDING PRESS ACCOUNTS, PRESIDENT COMMENTED OPTIMISTICALLY

ON FUTURE OF ECONOMY AND NOTED PROGRESS UNDER OPEN-DOOR POLICY. HE ACKNOWLEDGED ECONOMIC CONDITIONS DETERIORATED TO LOW POINT IN EARLY 1970'S, BUT SAID OCTOBER 1973 VICTORIES RESULTED IN TOTAL TRANSFORMATION OF SITUATION. PRESIDENT PLACED PRIORITY ON EGYPT'S EFFORTS TO IMPROVE BALANCE OF PAYMENTS DEFICIT, CALLING ALSO FOR DEVELOPMENT ON CAIRO AS FINANCIAL CENTER AND GIVING ADDED ATTENTION TO OIL EXPLORATION, SUEZ CANAL IMPROVEMENTS AND GREATER FOOD PRODUCTION.

3. BANKING REPRESENTATIVES REPORTEDLY REVIEWED PROGRESS AND PROBLEMS IN THEIR SECTOR. DECISION WAS THEN TAKEN TO LIMIT PUBLIC SECTOR TRANSACTIONS TO EGYPTIAN BANKS FOR TWO YEARS, AFTER WHICH TIME JOINT VENTURE BANKS COULD ENTER PICTURE. SADAT STATED, ACCORDING TO PRESS, THAT PUBLIC SECTOR WILL REMAIN CENTRAL FOCUS OF ECONOMY BUT PRIVATE SECTOR WILL BE STRENGTHENED IN ORDER PLAY FULL ROLE IN DEVELOPMENT UNDER FIVE-YEAR PLAN.

4. COMMENT: JOINT VENTURE BANKS SUCH AS CHASE NATIONAL AND AMERICAN EXPRESS' EGYPTIAN AMERICAN TECHNICALLY ARE, OF COURSE, EGYPTIAN COMMERCIAL BANKS, HAVING AS THEY DO MINORITY NON-EGYPTIAN PARTICIPATION. WE ARE UNABLE TO DETERMINE AT THIS POINT WHETHER ANNOUNCED DECISION TO EXCLUDE THEM TEMPORARILY FROM PUBLIC SECTOR BANK DEALINGS WILL HAVE SIGNIFICANT PRACTICAL EFFECT ON THEIR PROJECTED OPERATIONS, BUT ONE U.S. BANKING CONTACT (CHASE NATIONAL) INITIALLY HAS EXPRESSED TO US STRONG DISAPPOINTMENT AND CONCERN ABOUT FUTURE EXPANSION. MEASURE APPARENTLY IS IN RESPONSE TO OLD-LINE EGYPTIAN BANKS' DISQUIET OVER ENTRY OF AGGRESSIVE US-MANAGED INSTITUTIONS INTO LOCAL FINANCIAL SCENE. IF IMPLEMENTED, IT WILL BE CLEARLY UNHELPFUL MOVE ON INVESTMENT FRONT.

EILTS

LIMITED OFFICIAL USE

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** ECONOMIC CONDITIONS, COMMERCIAL BANKS, ECONOMIC CONTROLS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 12 JUL 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** KelleyW0  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1976CAIRO09412  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D760268-0787  
**From:** CAIRO  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1976/newtext/t19760769/aaaaciqu.tel  
**Line Count:** 95  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION NEA  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** KelleyW0  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 22 APR 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <22 APR 2004 by CunninFX>; APPROVED <17 AUG 2004 by KelleyW0>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
04 MAY 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** PRESIDENT MEETS WITH SENIOR EGYPTIAN BANKERS, ISSUES RESTRICTIVE BANKING MEASURE  
**TAGS:** EGEN, EFIN, EG  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006